

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

STATE MS.-DE SOTO CO.

FILED

OCT 23 11 25 AM '95

In re:

LOMAS FINANCIAL CORPORATION
LOMAS MORTGAGE USA, INC.,
LOMAS INFORMATION SYSTEMS, INC.
and LOMAS ADMINISTRATIVE
SERVICES, INC.,

Debtors.

Chapter 11

Case Nos. 95-1235 (PJW)

Jointly Administered

BK 1 PG 393
W.E. DAVIS CH. CLK.

by: P. Starkey oc

NOTICE (1) OF PROPOSED SALE OF SUBSTANTIALLY ALL ASSETS
OF LOMAS MORTGAGE USA, INC., AND (2) OF OPPORTUNITY
TO SUBMIT HIGHER OR BETTER OFFERS

PLEASE TAKE NOTICE that, pursuant to an order of the Bankruptcy Court dated October 10, 1995 (the "Scheduling Order"), a hearing (the "Hearing") shall be held at 10:00 a.m. on November 21, 1995, or as soon thereafter as counsel can be heard, in Courtroom #2 in the United States Bankruptcy Court for the District of Delaware, Sixth Floor, 824 Market Street, Wilmington, Delaware, 19801, on the motion of debtors in possession Lomas Financial Corporation ("LFC") and Lomas Mortgage USA, Inc. ("LMUSA") (together with their affiliated debtors, the "Debtors"), dated October 10, 1995, for entry of an order pursuant to Bankruptcy Code sections 363(b), (f) and (m) for approval of the sale of substantially all of the assets of LMUSA free and clear of all liens, claims and interests pursuant to an Asset Purchase Agreement dated October 9, 1995 (the "Asset Purchase Agreement") between LMUSA and First Nationwide Mortgage Corporation ("First Nationwide"), and for the assignment and assumption of certain executory contracts of LMUSA in connection therewith pursuant to Bankruptcy Code section 365 (the "Motion").

PLEASE TAKE FURTHER NOTICE that, if you do not oppose the proposed sale or other relief sought in the Motion you need not respond to the Motion. DO NOT attend the hearing which has been scheduled on the Motion. If you desire additional information with regard to the relief sought in the Motion, you may contact counsel for LMUSA at the address set forth below.

PLEASE TAKE FURTHER NOTICE that the proposed Asset Purchase Agreement is explicitly subject to the prior approval of the Bankruptcy Court and is subject to any higher or better offers that may be made at least three (3) business days prior to the Hearing. Interested parties should review the proposed Asset Purchase Agreement annexed as Exhibit C to the Motion for the specific terms and conditions thereof. A REVIEW OF THE PROPOSED ASSET PURCHASE AGREEMENT AND OF THE PROPOSED ORDER AND OF THE TERMS AND CONDITIONS CONTAINED IN EXHIBIT D TO THE MOTION ARE ESSENTIAL TO AN UNDERSTANDING OF THE TRANSACTION PROPOSED BY THE MOTION.

PLEASE TAKE FURTHER NOTICE that any person intending to submit a higher or better offer for the Purchased Assets in accordance with the terms and conditions of sale provided for under the Proposed Order, the Asset Purchase Agreement and the terms and conditions contained in Exhibit D to the Motion may do so by submitting an offer to counsel for LMUSA at the address set forth below at least three (3) business days prior to the Hearing. LMUSA shall determine the final highest and best bid for the Purchased Assets, which will be submitted for approval to the Bankruptcy Court at the Hearing.

PLEASE TAKE FURTHER NOTICE that copies of the proposed Asset Purchase Agreement, the Motion, the Proposed Order and the proposed terms and conditions are on file with the Clerk of the Bankruptcy Court, District of Delaware, Sixth Floor, 824 Market Street, Wilmington, Delaware, 19801 and may be viewed during regular business hours, or are available on request submitted, in writing, to counsel for LMUSA at the address set forth below. Entities requesting copies of the aforesaid documents should contact counsel for LMUSA at the address and phone number set forth below. Any party in interest or person or entity considering whether to make an offer for the Purchased Assets may obtain statistical information regarding the Purchased Assets by making a written request to LMUSA's counsel, which request must include a representation that the information is being requested by or on behalf of a party in interest or a person or entity considering whether to make an offer for the Purchased Assets, and, if on behalf of such a person or entity, specifying the identity thereof. No representation is made by LMUSA or its counsel except as specifically set forth in the Asset Purchase Agreement, and all entities who are submitting an offer for the purchase of the assets shall be relying upon their own independent due diligence, review, inventory, and analysis.

PLEASE TAKE FURTHER NOTICE that objections to the relief requested in the Motion, if any, must (a) be in writing; (b) conform to the requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the District of Delaware; (c) set forth the name of the objector and the nature and amount of any claim or interest held by and against LMUSA's estate or property; (d) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (e) be filed with the Court by 4:30 p.m., EDT, at least three (3) business days prior to the Hearing and served so that same are received not less than three (3) business days prior to the Hearing by: Co-counsel for the Debtors, Young, Conaway, Stargatt & Taylor, 11th Floor - Rodney Square North, Post Office Box 391, Wilmington, Delaware 19899-0391, Attention: James L. Patton, Esq., and Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attention: Robert J. Levine, Esq.; Counsel for the First Nationwide, Skadden, Arps, Meagher, White & Flom, 919 Third Avenue, New York, New York 10022, Attention: J. Gregory Milmo, Esq.; and Office of the United States Trustee, Eastern District of Pennsylvania and District of Delaware, 601 Walnut Street, Curran Center, Suite 950 West, Philadelphia, PA 19106.

BY ORDER OF THE UNITED STATES BANKRUPTCY COURT

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Attorneys for Debtors Lomas Financial Corp.
and Lomas Mortgage USA, Inc.

DESOTO COUNTY

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2535 HWY 51 S
 IBERNANDO, MS 38632-2132

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE DISTRICT OF DELAWARE

In re:

Lomas Financial Corporation,
 Tax ID No. 75-1043392
 Lomas Mortgage USA, Inc.,
 Tax ID No. 75-1831996
 Lomas Information Systems, Inc.,
 Tax ID No. 75-1864607
 Lomas Administrative Services, Inc.,
 Tax ID No. 75-2195065

Debtors.

) Chapter 11
)
) Case No. 95-1235 (PJW)
)
) Case No. 95-1236 (PJW)
)
) Case No. 95-1237 (PJW)
)
) Case No. 95-1238 (PJW)
)

NOTICE OF COMMENCEMENT OF CASES UNDER CHAPTER 11 OF THE
 BANKRUPTCY CODE, MEETING OF CREDITORS PURSUANT TO
 SECTION 341 OF THE BANKRUPTCY CODE AND FIXING OF DATES

TO ALL INTERESTED PARTIES:

COMMENCEMENT OF CASE. On October 10, 1995, Lomas Financial Corporation, Lomas Mortgage USA, Inc., Lomas Information Systems, Inc., and Lomas Administrative Services, Inc. (collectively the "Debtors"), filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101, et seq. (the "Bankruptcy Code"). Orders for relief have been entered in the Debtors' cases. These cases are being jointly administered under Case No. 95-1235 (PJW). Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are authorized to continue to operate their businesses and manage their properties as debtors-in-possession. You will not receive notice of all documents filed in these cases. All documents filed with the Bankruptcy Court are or will be available for inspection at the office of the Clerk of the Bankruptcy Court.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom any of the Debtors owe money or property. Under the Bankruptcy Code, the Debtors are granted certain protections against creditors. Common examples of prohibited actions by creditors are contacting a debtor to demand repayment, taking action against a debtor to collect money owed to creditors or taking property of a debtor, terminating or changing the terms of existing contracts or agreements, initiating or attempting to pursue litigation against a debtor and starting or continuing foreclosure actions, repossessions, or taking any action to realize the value of secured collateral. If unauthorized actions are taken by a creditor against a debtor, the court may penalize that creditor. A creditor who is considering taking action against any of the Debtors or the property of the Debtors should review section 362 of the Bankruptcy Code and may wish to seek legal advice. The staff of the Clerk of the Bankruptcy Court is not permitted to give legal advice.

MEETING OF CREDITORS. A meeting of creditors pursuant to section 341 of the Bankruptcy Code has been scheduled for November 27, 1995 at 11:00 a.m. in the Newport Room of the Holiday Inn, 700 King Street, Wilmington, Delaware 19801. The Debtors' representatives are required to appear at the meeting of creditors for the purpose of being examined under oath. You are invited to attend this meeting, but your attendance is not mandatory. At the meeting, the creditors may examine the Debtors and ask such questions as may properly be raised at the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting without further written notice to creditors.

PROOF OF CLAIM. Schedules of creditors have been or will be filed pursuant to Bankruptcy Rule 1007. Any creditor holding a scheduled claim which is not listed as disputed, contingent, or unliquidated as to amount may, but is not required to, file a proof of claim in these cases. Creditors whose claims are not scheduled or whose claims are listed as disputed, contingent, or unliquidated as to amount and who desire to participate in the cases or share in any distribution must file their proofs of claim. A creditor who desires to rely on the schedule of creditors has the responsibility for determining that the claim is listed accurately. Proof of claim forms are available in the clerk's office of any bankruptcy court.

PURPOSE OF CHAPTER 11 FILING. Chapter 11 of the Bankruptcy Code enables a debtor to reorganize pursuant to a plan. A plan is not effective unless approved by the court at a confirmation hearing. Creditors will be given notice concerning any plan, or in the event the cases are dismissed or converted to another chapter of the Bankruptcy Code. The Debtors will remain in possession of their property and will continue to operate their businesses unless a trustee is appointed.

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Dated: October 12, 1995

Co-Counsel to Debtors and Debtors-in-Possession